RIDER EE (SC)
ENERGY EFFICIENCY RIDER

APPLICABILITY (South Carolina Only)

Service supplied under the Company's rate schedules is subject to approved energy efficiency adjustments over or under the Rate set forth in the approved rate schedules for energy efficiency programs approved by the Public Service Commission of South Carolina (PSCSC).

GENERAL PROVISIONS

This Rider will recover the cost of Duke Energy Carolinas' Save-a-Watt ("SAW") energy efficiency and demand-side management programs, using the method approved by the PSCSC, for programs implemented over a 4 year period (*i.e.*, comprising four 12-month program years or "Vintage Years"). In each year this Rider will include components to recover revenue requirements related to demand-side management and energy efficiency programs implemented in that vintage, as well as lost revenues resulting from the energy efficiency programs. Lost revenues associated with each vintage will be recovered for 36 months upon implementation. As a result the Rider will continue beyond the 4 year period to fully recover lost revenues for programs in years 3 and 4.

Revenue requirements for SAW demand-side management programs will be determined on a system basis and allocated to South Carolina retail customers based on the class contribution to system retail peak demand. Revenue requirements for SAW energy efficiency programs will be determined on a system basis and allocated to all South Carolina retail customer classes based on SC retail contribution to system retail sales. Residential customers will pay for the allocated cost of residential programs; non-residiential customers will pay for the allocated cost of non-residential programs.
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The Rider will recover the cost of Duke Energy Carolinas' Interruptible Service and Stand-By Generator programs ("Existing DSM Programs") based on the cost of bill credits and amounts paid to customers participating on these programs ("Program Costs"). Revenue requirements will be determined on a system basis and allocated to SC retail customer classes based on the class contribution to system peak demand.

All allocation factors will be based on the Company's cost of service study and will exclude the amounts related to customers that elect to opt out of this Rider.

TRUE-UP PROVISIONS

Rider amounts for SAW programs will initially be determined based on estimated kW and kWh impacts related to expected customer participation in the programs, and will be trued-up as actual customer participation and actual kw and kwh impacts are verified.

Participation true-ups: After the first year, the Rider will include a true-up of previous Rider amounts billed to reflect actual customer participation in the programs.

Measurement and verification true-up: EM&V activities and results will be included in a mid-term EM&V-based true-up process that will be reflected in Vintage Year 3 Rider EE collections. A final EM&V true-up reflected in Vintage Year 6 Rider EE collections will incorporate all EM&V studies completed since the mid-term EM&V true-up. EM&V results will include measure-level savings adjustments and net-to-gross analysis. In addition, the mid-term and final true-ups will incorporate the most recent EM&V results in the avoided cost true-up, the lost revenue true-up, and the earnings cap true-up.

Earnings cap true-up: In the sixth year a true up will be billed, if applicable, to refund amounts collected through the Rider in excess of the earnings cap, in accordance with the following levels of achievement and allowed return on investment.

Percentage Actual Target Achievement	Return on Investment Cap on Program Costs Percentage
>=90%	15%
80% to 89%	12%
60% to 79%	9%
< 60%	5%

Rider amounts for Existing DSM Programs initially will be estimated program costs for the calendar year and will be trued-up to actual a subsequent rider.

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DETERMINATION OF ENERGY EFFICIENCY RIDER ADJUSTMENT

Energy Efficiency Adjustments (EEA) will be applied to the energy (kilowatt hours) billed of all rate schedules for each vintage as determined by the following formula:

EEA Residential (expressed as cents per kwh) = SAW Residential Adjustment + Existing DSM Residential Adjustment

SAW Residential Adjustment = Residential Avoided Cost Revenue Requirement + Residential Lost Revenues / Forecasted Residential kWh Sales for the Rider billing period

Where

Residential Avoided Cost Revenue Requirement = (Residential Demand Side Management Program Avoided Cost Revenue Requirement X 75%) + (Residential Energy Efficiency Program Avoided Cost Revenue Requirement X 55%)

And

Existing DSM Residential Adjustment = Non-SAW Residential Program Costs / Forecasted Residential kWh Sales for the Rider billing period

EEA Non-residential (expressed as cents per kwh) = SAW Non-residential Adjustment + Existing DSM Non-residential Adjustment

SAW Non-residential Adjustment = Non-residential Avoided Cost Revenue Requirement + Non-residential Lost Revenues / Forecasted Non-residential kWh Sales (excluding opt out sales) for the Rider billing period

Where

Non-residential Avoided Cost Revenue Requirement = (Non-residential Demand Side Management Program Avoided Cost Revenue Requirement X 75%) + (Non-residential Energy Efficiency Program Avoided Cost Revenue Requirement X 55%)

And

Existing DSM Non-residential Adjustment = Non-SAW Non-residential Program Costs / Forecasted Non-residential kWh Sales (excluding opt out sales) for the Rider billing period

ENERGY EFFICIENCY RIDER ADJUSTMENTS (EEA)

As a result of the Commission's Order No. 2010-853 in Docket No. 2010-299-E, the EEA applicable to the residential and nonresidential rate schedules for the period January 1, 2011 through December 31, 2011, including revenue-related taxes and utility assessments, are as follows:

Residential	0.2697¢ per kWh
Nonresidential	
Vintage 1	0.0011¢ per kWh
Vintage 2	
Energy Efficiency	0.0401¢ per kWh
Demand Side Management	0.0596¢ per kWh

Each factor listed under Non-residential is applicable to non-residential customers who are not eligible to opt out and to eligible customer who have not opted out. If a nonresidential customer has opted out of a Vintage(s), then the charge(s) shown above for the Vintage(s) during which the customer has opted out, will not apply to the bill.

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OPT OUT PROVISION FOR QUALIFYING MANUFACTURING CUSTOMERS

The Nonresidential EEA increment applicable to energy efficiency programs and/or demand-side management programs will not be applied to the energy billed to the Customer under the applicable nonresidential rate schedule for Customers qualified to opt out of the programs where:

a. The Customer attests or certifies to the Company that it has performed or had performed for it an energy audit or analysis within the three year period preceding the opt out request and has implemented or has plans for implementing the cost-effective energy efficiency measures recommended in that audit or analysis; and
b. The Customer is served under an electric service agreement where the establishment is classified as a "manufacturing industry" by the Standard Industrial Classification Manual published by the United States Government, and where more than 50% of the electric energy consumption of such establishment is used for its manufacturing processes.

For Customers who elect to opt out of Energy Efficiency Programs, the following provisions also apply:

- Qualifying customers may opt out of the Company's energy efficiency programs each calendar year only during the designated annual two month enrollment period. For the Rider EE 2012 Program Year, the enrollment period is January 1 until March 1, 2012. For the Rider EE 2013 Program Year, the enrollment period begins November 1, 2012 and ends December 31, 2012.
- Customers may not opt out of individual energy efficiency programs offered by the Company. The choice to optout applies to the Company's entire portfolio of energy efficiency programs.
- If a customer participates in any vintage of energy efficiency programs, the customer, irrespective of future opt-out decisions, remains obligated to pay the remaining portion of the lost revenues for each vintage of efficiency programs in which the customer participated.

For Customers who elect to opt out of Demand Side Management Programs, the following provisions also apply:

- Qualifying customers may opt out of the Company's demand-side management program only during the designated annual two month enrollment period. For the Rider EE 2012 Program Year, the enrollment period is January 1 until March 1, 2012. For the Rider EE 2013 Program Year, the enrollment period begins November 1, 2012 and ends December 31, 2012.
- If a customer elects to participate in a demand-side management program, the customer may not subsequently choose to opt out of demand side management programs for three years.